



## A BILL FOR AN ORDINANCE

RELATING TO THE REAL PROPERTY TAX CREDIT FOR LOW-INCOME HOMEOWNERS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to modify the requirements regarding the real property tax credit for low-income homeowners.

SECTION 2. Section 8-13.1, Revised Ordinances of Honolulu 1990 ("Definitions"), as amended, is amended by amending the definition of "Income" to read as follows:

"Income" means the sum of federal total income as defined in the Internal Revenue Code of the United States of 1954, as amended, and all nontaxable income, including but not limited to (1) tax-exempt interest received from the federal government or any of its instrumentalities, (2) the gross amount of any IRA distribution, pension or annuity benefits received (including Railroad Retirement Act benefits and veterans disability pensions), excluding rollovers, (3) all payments received under the federal Social Security and state unemployment insurance laws, excluding federal Social Security total disability payments, (4) nontaxable contributions to public or private pension, annuity and/or deferred compensation plans, and (5) federal cost of living allowances. All income set forth in the tax return filed by the titleholder, whether the tax return is a joint tax return or an individual tax return, shall be considered the titleholder's income. "Income" does not include nonmonetary gifts from private sources, or surplus foods or other relief in kind provided by public or private agencies."

SECTION 3. Section 8-13.2, Revised Ordinances of Honolulu 1990 ("Real property tax credit established"), as amended, is amended to read as follows:

**"Sec. 8-13.2 Real property tax credit established.**

- (a) An owner shall be entitled to a real property tax credit equal to the amount [by which the taxes calculated for the property exceed four percent of the titleholders' income,] determined in subsection (b), provided:
- (1) The owner has been granted the home exemption under Section 8-10.4 at the time the application is filed;
  - (2) [The taxes owed for the tax year immediately succeeding the date of the application for the tax credit exceed four percent of the titleholders'



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combined income for the calendar year immediately preceding the date of the application;

(3) The combined income of all titleholders of the property for the calendar year immediately preceding the date of the application does not exceed \$50,000;

(4)] No titleholder owns any other real property anywhere during the applicable tax year;

[(5)] (3) The titleholders have not violated Section 8-13.5;

[(6)] (4) The amount of the tax after applying the credit shall not be less than the minimum tax required in Section 8-11.1(g);

[(7) If the taxes owed less any other one-time tax credit are less than or equal to four percent of all titleholders' combined income for the calendar year immediately preceding the date of the application, no credit shall be applied;

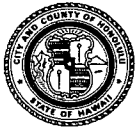
(8)] (5) The titleholder(s) of the property filed income tax returns, if required under Hawaii income tax law and under Internal Revenue Service regulations, on or before filing an application for a tax credit; and

[(9)] (6) The grant of the application of a tax credit shall entitle the owner to a credit only for the succeeding tax year. There shall be no carryover tax credit.

(b) An owner who qualified for the credit pursuant to subsection (a) shall be entitled to a real property tax credit in the following amounts:

(1) Where the combined income of all titleholders of the property for the calendar year immediately preceding the date of the application is equal to or less than \$55,000, the credit shall equal the amount by which the taxes calculated for the property exceed three percent of the titleholders' income, less any other one-time tax credit.

(2) Where the combined income of all titleholders of the property for the calendar year immediately preceding the date of the application exceeds \$55,000 but is equal to or less than \$70,000, the credit shall equal the



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amount by which the taxes calculated for the property exceed four percent of the titleholders' income, less any other one-time tax credit.

- [(b)] (c) In lieu of the property tax credit provided in subsection (a), an owner otherwise qualifying for the tax credit under subsection (a) where any titleholder is 75 years of age or over on or before June 30<sup>th</sup> preceding the tax year for which the credit is claimed and the combined income of all titleholders to the applicable property for the calendar year immediately preceding the date of the application does not exceed \$50,000, shall be entitled to a real property tax credit equal to the amount by which the taxes calculated for the property exceed ~~[three]~~ two percent of the titleholders' income, less any other one-time tax credit."

SECTION 4. Section 8-13.3, Revised Ordinances of Honolulu 1990 ("Administration"), as amended, is amended by amending subsection (b) to read as follows:

- "(b) The owner's application for a tax credit shall be filed on or before September 30<sup>th</sup> for a credit upon taxes due in the immediately succeeding tax year. The application shall require the certification by the owner that:
- (1) The requirements of Section 8-13.2(a) [or], (b), or (c) under which the credit is applied for shall be fulfilled throughout the succeeding tax year; and
  - (2) The owner's property shall continue to qualify for a home exemption under Section 8-10.4 throughout such year."

SECTION 5. Section 8-13.5, Revised Ordinances of Honolulu 1990 ("Penalties"), as amended, is amended by amending subsection (b) to read as follows:

- "(b) During the tax year for which a tax credit was granted to an owner of property pursuant to this article, if the owner fails to notify the city within 30 days that the requirements of Section 8-13.2(a) [or], (b), or (c) under which the credit was granted are no longer met, in addition to the consequences provided in Section 8-13.6, the owner shall be subject to a fine of \$200."



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SECTION 6. Section 8-13.6, Revised Ordinances of Honolulu 1990 ("Revocation of credit"), as amended, is amended to read as follows:

**"Sec. 8-13.6 Revocation of credit.**

During the tax year for which a tax credit is granted to an owner of property pursuant to this article, if:

- (1) Title to the property is transferred to a new owner by gift, sale, devise, operation of law, or otherwise, except when title is transferred to a qualified surviving spouse, or
- (2) The requirements of Section 8-13.2(a) [or], (b), or (c) under which the credit was granted are no longer met, then the tax credit shall be revoked and the owner shall owe property taxes in the amount of the tax credit. The additional taxes shall be billed and shall be deemed delinquent if not paid within 30 days after the date of mailing of the tax bill, or if the credit is revoked within the tax year for which the credit was granted, within 30 days after the date of mailing of the tax bill, or on or before the next installment payment date, if any, for such taxes, whichever is later."

SECTION 7. For applications for the county tax credit for the tax year beginning July 1, 2010 only: (1) the deadline for the application shall be January 31, 2010; and (2) the deadline for notification to the owner concerning the granting or denial of the county tax credit shall be June 30, 2010.

SECTION 8. Ordinance material to be repealed is bracketed. New ordinance material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the bracketed material, or the underscoring.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_

BILL 9 (2009), CD1, FD1

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SECTION 9. This ordinance shall take effect upon its approval and shall apply to tax years beginning July 1, 2010 and thereafter.

INTRODUCED BY:

Todd Apo

Nestor Garcia

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DATE OF INTRODUCTION:

February 18, 2009  
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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MUFU HANNEMANN, Mayor  
City and County of Honolulu